GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3200
ANSWERED ON:21.03.2017
Liquidity Crisis of Fertilizer Companies
Singh Shri Parvesh Sahib

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the State Fertilizer Companies are facing a liquidity crisis due to delay in release of subsidy to the companies and if so, the details thereof including the reasons for the delay in the release of subsidies to the companies;

(b) the details of the steps taken by the Government to resolve the liquidity crisis within the industries;

(c) the details of the steps taken by the Ministry on its assurance in November last year to clear the fertilizer subsidy arrears at the earliest; and

(d) the status of implementation of Direct Benefit Transfers in fertilizer subsidy?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND SHIPPING, ROAD TRANSPORT & HIGHWAYS

(SHRI MANSUKH L. MANDAVIYA)-_____
(a) to (c): Subsidy is being paid to fertilizer manufacturing units on regular basis subject to availability of funds as per annual budget allocation by Ministry of Finance. Due to shortage in allocation of funds, monthly subsidy bills of a particular year converts into pendency which is cleared from allocation provided by Ministry of Finance through supplementary or from the annual budget of subsequent year(s), on priority basis.

As and when authorised, the Department of Fertilizers also makes Special banking Arrangements (SBA) for payment of subsidy claims of fertilizer companies in case of shortage of funds. During the year 2016-17, the Department of Expenditure has allowed the Department of Fertilizers to avail Rs. 10,000 crores as short term loan from the PSU Banks under SBA for payment of pending subsidy claims.

(d): At present, Direct Benefit Transfer (DBT) system for fertilizer subsidy payments in 16 districts is under implementation on pilot basis. Three more districts viz., Dhanbad in Jharkhand, Begusarai in Bihar and Gorakhpur in Uttar Pradesh have been included in the pilot project. The list of 19 pilot districts is placed at Annexure-I.

Under the proposed fertilizer DBT system, 100% subsidy on various fertilizer grades shall be released to the fertilizer companies instead of the beneficiaries, on the basis of actual sales made by the retailers to the beneficiaries. Sale of all subsidised fertilizers to farmers/buyers will be made through Point of Sale (PoS) devices installed at each retailer shop and the beneficiaries will be identified through Aadhaar Card, KCC, Voter Identity Card etc. Implementation of the DBT includes three basic steps which are as under:

i. Installation of POS devices at retail points.
ii. Training of the retailers to operate the POS devices.
iii. Sale through POS machines through Aadhar based biometric authentication/Kisan Credit Card/Voter ID.

The present status of procurement and deployment of PoS machines and DBT implementation in pilot districts is placed at Annexure-II.

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